

# BEAUTY REPORT FROM AUSTRALIA



## RESEARCH & STATISTICS

The relevant industry body in Australia is the Direct Selling Association of Australia (DSAA). In 2011, it was estimated that over 90.5 million people are now involved in the industry globally, creating retail sales of over AUD \$147 billion annually. Here in Australia, sales by DSAA members have reached AUD \$1.4 billion annually, and over 400,000 Australians are involved in the industry.

These independent sales persons make an estimated two million home visits per month and average sales of \$2,200 annually. Women account for over 81% of the total salespersons and 4.6% choose to work full time in the industry.

The Australian direct selling industry has achieved major success in the complementary medicines area with an estimated market share of 20% of National annual sales. The Industry also has a significant (15%) share of Australia's skin care (creams and lotions) market.



## SKIN CARE IN AUSTRALIA

### TRENDS

- Anti-ageing and skin renewal are the primary propositions which drive demand for skin care products. These features are particularly sought by those around 35 years of age. The increasing ageing population provided a natural growth engine for these propositions. The continued growth of baby boomers – the traditional consumer base for anti-agers – is benefiting anti-agers, as baby boomers seek to remain active and attractive in their 50s and 60s. At the same time, women in their 20s and 30s are looking to prevent the early signs of ageing. Furthermore, advances in technology and perceived benefits motivated consumers to spend more on anti-ageing products. Manufacturers continued to introduce new active ingredients which promised more dramatic results. Anti-agers grew by 2% in current value terms in 2012.

### COMPETITIVE LANDSCAPE

- L'Oréal Australia remains the leader in skin care in 2012, with a 10% value share. The manufacturer's brand portfolio is extensive and reaches all skin care product types. L'Oréal Paris, Garnier and the Body Shop cater to the mass market, while Lancôme and Biotherm provide good coverage of the premium skin care market. In 2012, L'Oréal Paris held a 4% value share in overall skin care, while Garnier and Lancôme held a 3% value share

respectively. The independently run The Body Shop held a 3% value share in skin care in 2012.

## PROSPECTS

- Skin care is expected to see a constant value CAGR of 1% over the forecast period, as manufacturers continue to deliver growth through product innovation. Facial care remains the driver of this growth, with a constant value CAGR of 1% for the forecast period. While many facial care products, such as facial cleansers, have reached maturity, manufacturers see strong growth potential in less developed areas such as acne treatments and anti-agers and so new product development will be focused here over the forecast period. Manufacturers will increasingly look at segmentation to identify new opportunities based on premium and mass positioning, men's offerings, life stages and behavioural characteristics.



## COSMETIC AND TOILETRY RETAILING IN AUSTRALIA

Cracks in the foundation: Online stores are causing increasingly competitive conditions

The Cosmetic and Toiletry Retailing market research report provides key industry analysis and industry statistics, measures market size, analyzes current and future industry trends and shows market share for the industry's largest companies. IBISWorld publishes the largest collection of industry reports so you can see an industry's supply chain, economic drivers and key buyers and markets.

### Industry Statistics & Market Size

Revenue	Annual Growth 09-14
\$4bn	3.2%
Employment	Businesses
28,750	1,640

### Industry Analysis & Industry Trends

The Australian Cosmetic and Toiletry Retailing industry involves the sale of thousands of cosmetic and toiletry brands. The industry has grown modestly over the past decade, boosted by healthy household consumption expenditure on cosmetics, perfumes, soap products and other toiletries. The industry's performance is increasingly influenced by intensifying competitive pressures, both within the industry and from an ever-growing number of external competitors.

In 2013-14, the industry is expected to post growth of 2.9%, bringing industry revenue up to an estimated \$3.6 billion. This compares with revenue of \$3.1 billion in 2008-09, equating to annualised growth of 3.2% over the past five years.

## Industry Report - Industry Products Chapter

The industry is involved in the sale of a range of cosmetics, fragrances and personal-care products. These can be marketed as mass-market brands, prestige brands, private-label products and professional or salon-only brands. One development has been the trend towards new masstige products, which are high-quality, mass-market items possessing the appearance of prestige or premium products. A simultaneous trend has been the development of artisanal or bespoke products developed in response to the increasing range of masstige products.

Over the past decade, the industry has been characterised by a stream of new, enhanced, repackaged and reformulated products. There have also been numerous changes to the range of products stocked by industry participants.



### SUNSCREEN AND OTHER SKINCARE PRODUCT MANUFACTURING IN AUSTRALIA

Sunnier times ahead: A shift in focus towards niche and premium markets will lead to growth.

IBISWorld's Sunscreen and Other Skincare Product Manufacturing market research report can be used to help you: understand market size and growth potential; major companies; draft business plans and pitch books; and conduct benchmarking and SWOT analysis. Our industry analysis highlights macro industry trends in the overall sector and micro trends faced by companies that do business in the industry. The industry report also provides key industry statistics and 5-year forecasts to anticipate future industry prospects so you can decide with confidence.

#### Industry Statistics & Market Size

Revenue	Annual Growth 09-14
\$190m	-0.3%
Employment	Businesses
565	120

#### Industry Analysis & Industry Trends

The Sunscreen and Other Skincare Product Manufacturing industry has struggled over the past five years. Industry revenue growth has been weighed down by excessive import competition, especially as the strength of the Australian dollar has limited export attractiveness and made imports cheaper. Over much of the past five years, import competition has been fierce in low-cost industry product segments such as bulk-purchase moisturisers and hand creams. Smaller industry operators have found it hard to compete with the incoming scale and price of these imported goods, with a number of them leaving the industry. Over the five years through 2013-14, industry revenue is estimated to decline at an annualised 0.3% to total \$189.7 million.

## **Industry Report - Industry Locations Chapter**

The manufacture of sunscreen and skincare products is primarily located along the eastern seaboard. Victoria is by far the largest producer of sunscreen and skincare products both in terms of establishments and revenue, with all three of the major players located in Melbourne. Proximity to key inputs and accessibility to export markets appear to be the major benefits of locating a sunscreen or skincare manufacturing business in Victoria. Second to this, businesses tend follow the spread of population to enhance proximity to markets, with New South Wales and Queensland having the second- and third-largest shares of skincare and sunscreen manufacturing businesses, respectively.